

In my opinion, today there is no more important foreign policy area than in dealing with the emerging and present threat of Iran. To be very honest, the Congress has done nothing to address this issue. We have not stepped forward and articulated what our policy is within Iran. We do this with this amendment. We say as a sense of the Senate that we express support for a transition to democracy within Iran. That is language included in this amendment. We make clear statements about what we intend and what our direction is, what this money is to be used for. We provide a broader outline than what is in the current legislation.

I hope this language would be supported. We fence this money within the money for the State Department in this legislation so we are not stealing money from anywhere else. We are just making sure that the \$100 million is spent in this area and we provide more guidance for the administration to do so.

I am hopeful this language can be accepted by both sides. As I said before, this is a bill that has strong bipartisan support and this language also has very strong bipartisan support.

I thank again the Senator from Oregon for his indulgence.

I yield the floor.

The PRESIDING OFFICER (Mr. COBURN). The Senator from Oregon.

AMENDMENT NO. 3665

Mr. WYDEN. Mr. President, the pending amendment which I offered last night and discussed briefly with the distinguished chairman of the committee, Senator COCHRAN, is before the Senate at this time. It deals with the most expensive and the most needless giveaway that taxpayers ladle out to the oil industry. It is something called royalty relief. I will take a few minutes to explain to the Senate how this works.

The oil companies are supposed to pay royalties to the Federal Government when they extract oil from Federal lands. In order to stimulate production when the price of oil was cheap, the Federal Government reduced the amount of royalty payments the companies had to make, certainly a logical argument for doing something such as that when we are not getting the production we need. When prices are cheap and we do not have incentives, then there is an argument for some kind of royalty relief. But now that the price of oil has soared to over \$70 a barrel, the discounted royalty payments amount to a needless subsidy of billions and billions of dollars.

Now, to his credit, the President has essentially said, look, we do not need this huge array of incentives for the oil industry when the price is over \$50 a barrel. Now we are looking at \$70 a barrel. So a program that one could argue on behalf of when the price of oil was cheap has lost all its rationale at this critical time when we, of course, are seeing record prices, record profits, and now record royalty subsidies to the companies, as well.

What we have before the Senate is truly a bizarre situation. The Senate is working on a supplemental spending program that is designated as emergency spending because our Government does not have the money to pay for it. Yet the Senate is still willing to distribute, needlessly, billions of dollars of taxpayer money.

This program, by the General Accounting Office, is designed to lose at a minimum \$20 billion. There is litigation underway with the oil companies surrounding this program. If that litigation is successful, it is possible this program will cost our Government \$80 billion; \$80 billion then becomes twice the amount that the distinguished Senator from Mississippi has in the legislation that is considered emergency spending.

Experts in and out of Government have said recently this subsidy makes absolutely no sense. For example, from the other body of the Congress, Congressman RICHARD POMBO, the chairman of the natural resources committee, is not a person that anyone would call anti-oil in his views about Government. This is what Congressman POMBO, the chairman of the natural resources committee, had to say a little bit ago about royalty relief: There is no need for an incentive. They have a market incentive to produce at \$70 a barrel.

Michael Coney, a lawyer for Shell Oil—again, not a place one would normally look to hear anti-oil rhetoric espoused, said that under the current environment, we don't need royalty relief.

Even the original author of this program, the very respected former colleague Senator Bennett Johnston of Louisiana, essentially the person who put this whole thing together, thinks this program is out of whack.

Senator Johnston said:

The one thing I can tell you is this is not what we intended.

So I come to the Senate today with a simple proposition. My proposition is, royalty relief can only be obtained if it is needed to avert a supply disruption or prices drop and there is no incentive for people to produce in the United States.

The distinguished Senator in the chair, Senator COBURN, knows a great deal about the oil business. I want to make sure there are incentives for production. But the President of the United States, to his credit, has said you don't need incentives when oil is over \$50 a barrel. It is at \$70 today.

(Mr. MCCAIN assumed the Chair.)

Mr. WYDEN. Not long ago when the oil company executives came before the Energy and Natural Resources Committee, I went down the line and asked them if they needed the various tax breaks. To a person, they all said no. So now we are seeing a bit of discussion about whether all of these tax breaks are needed by people in the oil business.

It is one thing to talk about new initiatives—and we will be debating a va-

riety of additional approaches, windfall profits taxes and the like—and it is quite another to be spending billions and billions of dollars out the door when those subsidy payments defy common sense, defy essentially what the President of the United States said, that we ought to get out of the subsidy business when oil is over \$50 a barrel. That is what I am proposing in this particular amendment.

What it comes down to is the U.S. Government ought to stop adding sweetener to the Royalty Relief Program. At every opportunity over the last few years—and I see the distinguished Senator in the chair has zeroed in on wasteful programs, to his credit, for a long time—at every opportunity we have seen this program sweetened and sweetened and sweetened, all at the taxpayers' expense. To give the Senate an idea of how out of control this particular program is, as I understand it, the previous Secretary of the Interior, Secretary Norton, actually went out and sweetened up the old contracts to provide even more royalty relief at a time when prices, again, were way above the threshold that the President of the United States has indicated we should not be offering subsidies to.

This is an important debate in this whole question of tax breaks and windfall profits tax and the like. It is clearly going to spark a lot of debate and differences of opinion among colleagues.

This, in my view, is not even a close call. When Congressman POMBO from the other body, the chair of the natural resources committee, says we did not need this incentive, when we have people from Shell Oil saying we do not need the Royalty Relief Program, when we have the original author of the program, our former colleague Senator Bennett Johnston, saying this is not what he intended, I sure hope that is a wakeup call to the Senate. This is not a close call.

We are going to see, according to the General Accounting Office, a minimum of \$20 billion head out the door as a result of this program.

By the way, it was sweetened up also in the energy conference last year. In fact, it was done almost in the dead of night because nobody could make a case for sweetening up this program anymore in broad daylight. So essentially, with virtually no debate, even last year, in the Energy bill, after the previous Secretary of the Interior, Secretary Norton, had kept adding to the program, the Congress continued to enrich this program and needlessly offered these subsidies.

Mr. President, I think a little bit of history is in order. Certainly, back in the middle 1990s—this program is, essentially, one that is a decade old—you could make an argument for the Government being involved in an incentives effort. Certainly, when the price of energy was low and we needed opportunities to incentivize production, so